

Message Text

CONFIDENTIAL

PAGE 01 MILAN 00352 081651Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 DODE-00 PM-05 H-01 L-03 NSC-05
PA-01 SP-02 SS-15 USIA-06 /074 W
-----018824 090006Z /75-61
R 081435Z MAR 78
FM AMCONSUL MILAN
TO AMEMBASSY ROME
INFO SECSTATE WASHDC 5884

C O N F I D E N T I A L MILAN 0352

EO 11652: GDS
TAGS: ELAB EINV IT
SUBJECT: ONE AMERICAN COMPANY FINDS PCI KEY TO SUCCESSFUL LABOR
RELATIONS

1. SUMMARY. THE COMMUNISTS ARE THE MOST STABILIZING INFLUENCE HE HAS IN HIS PLANT, ACCORDING TO ARTURO BASSI, FORMER USIS EMPLOYEE AND NOW MANAGING DIRECTOR OF AVON COSMETIC'S WHOLLY OWNED ITALIAN SUBSIDIARY. END SUMMARY.
2. DURING MARCH 1 VISIT TO AVON PLANT AND OFFICES NEAR COMO, BASSI TOLD ECONOMIC OFFICER THAT COMMUNIST UNION, THOUGH REPRESENTING ONLY TEN OF AVON'S 1,000 WORKERS CALLED SHOTS FOR ALL REST. COUPLE OF YEARS AGO THEY EVEN WORKED OUT BARGAIN WHEREBY AVON COULD CUT BACK ITS WORKERS.
3. BIGGEST COMPANY IN COMO PROVINCE AS WELL AS ITALY'S LARGEST COSMETIC MANUFACTURER, AVON EMPLOYS ONE THOUSAND WORKERS WHO ARE REPRESENTED BY ALL THREE OF ITALY'S MAJOR UNIONS. HOUSED IN MAGNIFICENTLY DESIGNED MODERN OFFICES GRACING PRE-ALPINE COUNTRYSIDE, ITALIAN AVON OPERATION HAS BEEN GENERALLY PROFITABLE FOR ITS PARENT COMPANY. BUT WHEN PROFITS DIPPED AND COMPANY MOVED INTO RED IN 1974, MANAGER BASSI WAS TOLD HE EITHER HAD TO TRIM LABOR COSTS OR HAVE FACTORY SHUT DOWN.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MILAN 00352 081651Z

4. FACED WITH PROSPECTIVE LAY-OFFS, AVON'S BIGGEST UNION, CISL, WAS TOTALLY INFLEXIBLE, SAID BASSI. SO, IN TACTICAL MOVE, HE MADE CONTACT WITH PROVINCIAL COMMUNIT HEADQUARTERS AND EXPLAINED COMPANY'S SITUATION. "AT THE NEXT UNION-MANAGEMENT MEETING, A NEW CISL REPRESENTATIVE SHOWED UP DRESSED IN A GRAY FLANNEL SUIT," BASSI CONTINUED. "AFTER TAKING COMMAND OF THE MEETING HE OFFERED

US A DEAL: TWO MILLION LIRE COMPENSATION FOR EVERY WORKER WHO VOLUNTARILY RESIGNED." MODEST BY LOCAL STANDARDS, SUM WAS MORE THAN ACCEPTABLE TO BASSI AND HIS COLLEAGUES. COMMUNISTS THEN WHIPPED OTHER TWO MORE RELUCTANT UNIONS INTO LINE, AND OVER NEXT TWO YEARS AVON WAS ABLE TO REDUCE ITS LABOR FORCE FROM 1,200 TO 1,000 WORKERS.

5. THAT COMMUNIST CGIL WAS ABLE TO ACHIEVE LEADERSHIP POSITION DESPITE ITS ONLY HAVING HANDFUL OF MEMBERS SHOWS STRENGTH AND DISCIPLINE OF ITS LEADERS. AND ACCORDING TO BASSI THIS LEADERSHIP CONTINUES. IT CONVINCED OTHER UNIONS TO ALLOW COMPANY TO REQUIRE OVERTIME WHEN IT HAD BACKLOG OF ORDERS. "THEY SPEAK THE SAME LANGUAGE AS I DO", HE REMARKED.

6. WAS AVON'S CASE JUST ISOLATED EXAMPLE? ARE OTHER COMPANIES IN COMO EXPERIENCING THE SAME THING? BASSI THOUGHT THEY WERE. MANY OF HIS FRIENDS WHO OWNED OR RAN MEDIUM SIZED COMPANIS WERE TAKING ANOTHER LOOK AT COMMUNISTS. THEY HAD MOST TO LOSE IF COMMUNISTS CAME TO POWER. BUT THEY WERE NOT NEARLY AS ALARMED AT PROSPECT NOW WAS THEY WERE YEAR OR TWO AGO. CGIL PEOPLE, AT LEAST, SEEMED TO BE MOST REASONABLE AROUND.

7. NEVERTHELESS, BASSI WAS NOT YET READY TO TURN COUNTRY OR PLANT OVER TO COMMUNISTS. "I AM WORRIED ABOUT WHAT WILL HAPPEN WHEN TITO IS GONE," HE CONCLUDED". THE COMMUNISTS I MEET ARE SINCERE. BUT HOW LONG THEY WOULD BE THE ONES RUNNING THE PARTY
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MILAN 00352 081651Z

IF RUSSIAN DIVISIONS WERE STATIONED IN YUGOSLAVIA IS HARD TO PREDICT." BASSI, INCIDENTLY, WAS BEING TRANSFERRED TO BRUSSELS OR LONDON IN NEXT FEW MONTHS. FINA

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LABOR RELATIONS, POLITICAL SUMMARIES, BUSINESS FIRMS, COMMUNIST FRONT ORGANIZATIONS, LABOR UNIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 mar 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MILAN00352
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780105-0302
Format: TEL
From: MILAN
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780393/aaaadaux.tel
Line Count: 97
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d7c597cb-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3405621
Secure: OPEN
Status: NATIVE
Subject: ONE AMERICAN COMPANY FINDS PCI KEY TO SUCCESSFUL LABOR RELATIONS
TAGS: ELAB, EINV, IT, US
To: ROME
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/d7c597cb-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014